

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Financial Report
June 30, 2023

Contents

| | |
|---|------|
| Independent auditor's report | 1-2 |
| <hr/> | |
| Financial statements | |
| Consolidated balance sheets | 3 |
| Consolidated statements of activities | 4 |
| Consolidated statements of functional expenses | 5-6 |
| Consolidated statements of cash flows | 7 |
| Notes to consolidated financial statements | 8-20 |
| <hr/> | |
| Independent auditor's report on the supplementary information | 21 |
| <hr/> | |
| Supplementary information | |
| Consolidating balance sheet | 22 |
| Consolidating statement of activities | 23 |



RSM US LLP

Independent Auditor's Report

Board of Directors
The Brady Campaign to Prevent Gun Violence

Opinion

We have audited the consolidated financial statements of The Brady Campaign to Prevent Gun Violence and Affiliates (collectively, Brady), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brady as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brady and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, Brady adopted the Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*, and applied this standard using the modified retrospective method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Brady's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brady's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brady's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

Washington, D.C.
March 27, 2024

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Balance Sheets
June 30, 2023 and 2022

| | 2023 | 2022 |
|--|----------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 3,673,478 | \$ 4,208,582 |
| Investments | 4,477,878 | 2,195,169 |
| Accounts receivable, net | 180,236 | 193,282 |
| Promises to give, net | 2,005,066 | 2,015,889 |
| Prepaid expenses | 136,455 | 26,418 |
| Right-of-use operating lease assets, net | 5,191,528 | - |
| Property and equipment, net | 1,079,424 | 1,063,491 |
| | <u>16,744,065</u> | <u>9,702,831</u> |
| Total assets | \$ 16,744,065 | \$ 9,702,831 |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable | \$ 2,366,332 | \$ 970,199 |
| Accrued payroll and related liabilities | 492,064 | 463,307 |
| Refundable advances | 36,098 | 162,277 |
| Deferred revenue | 60,500 | 104,040 |
| Operating lease liabilities, net | 6,988,236 | - |
| Deferred rent | - | 1,934,505 |
| | <u>9,943,230</u> | <u>3,634,328</u> |
| Total liabilities | 9,943,230 | 3,634,328 |
| Commitment (Note 13) | | |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 3,688,182 | 2,961,579 |
| Designated by the Board | 356,000 | 356,000 |
| | <u>4,044,182</u> | <u>3,317,579</u> |
| With donor restrictions: | | |
| Time and purpose restrictions | 2,621,360 | 2,615,636 |
| Perpetual in nature | 135,293 | 135,288 |
| | <u>2,756,653</u> | <u>2,750,924</u> |
| Total net assets | 6,800,835 | 6,068,503 |
| Total liabilities and net assets | \$ 16,744,065 | \$ 9,702,831 |

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statements of Activities Years Ended June 30, 2023 and 2022

| | 2023 | | | 2022 | | |
|--------------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and revenue: | | | | | | |
| Contributions | \$ 15,465,384 | \$ 2,119,474 | \$ 17,584,858 | \$ 13,981,000 | \$ 2,469,562 | \$ 16,450,562 |
| Contributions of nonfinancial assets | 43,151,524 | - | 43,151,524 | 23,077,700 | - | 23,077,700 |
| Events | 1,817,926 | - | 1,817,926 | 734,882 | - | 734,882 |
| Investment income | 22,035 | - | 22,035 | 334 | - | 334 |
| Other | 46,202 | - | 46,202 | 185,140 | - | 185,140 |
| Net assets released from restriction | 2,113,745 | (2,113,745) | - | 1,566,652 | (1,566,652) | - |
| Total support and revenue | 62,616,816 | 5,729 | 62,622,545 | 39,545,708 | 902,910 | 40,448,618 |
| Expenses: | | | | | | |
| Program services: | | | | | | |
| Public education | 44,618,207 | - | 44,618,207 | 21,421,598 | - | 21,421,598 |
| Legal action | 9,539,561 | - | 9,539,561 | 8,404,238 | - | 8,404,238 |
| Policy and grassroots organizing | 2,122,473 | - | 2,122,473 | 2,502,831 | - | 2,502,831 |
| Total program services | 56,280,241 | - | 56,280,241 | 32,328,667 | - | 32,328,667 |
| Supporting services: | | | | | | |
| Fundraising | 4,045,733 | - | 4,045,733 | 4,492,854 | - | 4,492,854 |
| Management and general | 1,564,239 | - | 1,564,239 | 1,242,989 | - | 1,242,989 |
| Total supporting services | 5,609,972 | - | 5,609,972 | 5,735,843 | - | 5,735,843 |
| Total expenses | 61,890,213 | - | 61,890,213 | 38,064,510 | - | 38,064,510 |
| Change in net assets | 726,603 | 5,729 | 732,332 | 1,481,198 | 902,910 | 2,384,108 |
| Net assets: | | | | | | |
| Beginning | 3,317,579 | 2,750,924 | 6,068,503 | 1,836,381 | 1,848,014 | 3,684,395 |
| Ending | \$ 4,044,182 | \$ 2,756,653 | \$ 6,800,835 | \$ 3,317,579 | \$ 2,750,924 | \$ 6,068,503 |

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statement of Functional Expenses Year Ended June 30, 2023 (With Comparative Totals for 2022)

| | Program Services | | | | Supporting Services | | 2023 Total | 2022 Total |
|-------------------------------|----------------------|---------------------|--|----------------------|---------------------|---------------------------|----------------------|----------------------|
| | Public Education | Legal Action | Policy and Grassroots Organizing | Total Program | Fundraising | Management and General | | |
| Donated services | \$ 35,416,698 | \$ 7,692,251 | \$ 15,000 | \$ 43,123,949 | \$ 27,575 | \$ - | \$ 43,151,524 | \$ 22,942,440 |
| Salaries and benefits | 3,236,844 | 1,396,545 | 1,279,187 | 5,912,576 | 1,637,539 | 160,603 | 7,710,718 | 6,501,668 |
| Professional fees | 1,286,837 | 213,192 | 434,858 | 1,934,887 | 589,524 | 311,471 | 2,835,882 | 1,826,608 |
| Advertising | 2,953,258 | 5,095 | 33,755 | 2,992,108 | 309,137 | 379 | 3,301,624 | 2,452,449 |
| Printing and publications | 430,786 | - | 2,099 | 432,885 | 301,219 | 18,802 | 752,906 | 901,581 |
| Occupancy | 534,333 | 120,757 | 24,151 | 679,241 | 64,404 | 73,884 | 817,529 | 820,523 |
| Technology | 139,961 | 4,370 | 16,944 | 161,275 | 485,990 | 236,729 | 883,994 | 887,867 |
| Postage and shipping | 328,435 | 80 | 7,144 | 335,659 | 192,710 | 13,231 | 541,600 | 410,301 |
| List rental | - | - | - | - | 67,212 | - | 67,212 | 179,939 |
| Travel | 41,183 | 29,082 | 121,908 | 192,173 | 45,229 | 143,896 | 381,298 | 136,006 |
| Meetings and conferences | 35,442 | 2,750 | 24,446 | 62,638 | 196,803 | 35,371 | 294,812 | 94,915 |
| Depreciation and amortization | 129,492 | 26,244 | 5,249 | 160,985 | 13,997 | 59,085 | 234,067 | 209,995 |
| Licenses and fees | 872 | 2,369 | 2,605 | 5,846 | 37,779 | 336,643 | 380,268 | 361,714 |
| Insurance | 76,224 | 22,476 | 3,465 | 102,165 | 9,239 | 9,238 | 120,642 | 111,921 |
| Subscriptions and dues | 3,599 | 23,818 | 89,900 | 117,317 | 2,529 | 45,952 | 165,798 | 79,660 |
| Other | 4,243 | 532 | 61,762 | 66,537 | 64,847 | 118,955 | 250,339 | 146,923 |
| | \$ 44,618,207 | \$ 9,539,561 | \$ 2,122,473 | \$ 56,280,241 | \$ 4,045,733 | \$ 1,564,239 | \$ 61,890,213 | \$ 38,064,510 |

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statement of Functional Expenses Year Ended June 30, 2022

| | Program Services | | | | Supporting Services | | |
|-------------------------------|----------------------|---------------------|----------------------------------|----------------------|---------------------|------------------------|----------------------|
| | Public Education | Legal Action | Policy and Grassroots Organizing | Total Program | Fundraising | Management and General | Total |
| Donated services | \$ 16,220,167 | \$ 6,710,323 | \$ - | \$ 22,930,490 | \$ 11,950 | \$ - | \$ 22,942,440 |
| Salaries and benefits | 2,358,072 | 1,313,248 | 1,696,379 | 5,367,699 | 1,055,719 | 78,250 | 6,501,668 |
| Professional fees | 503,408 | 7,110 | 241,910 | 752,428 | 702,789 | 371,391 | 1,826,608 |
| Advertising | 1,218,544 | - | 77,817 | 1,296,361 | 1,156,088 | - | 2,452,449 |
| Printing and publications | 353,509 | 5,114 | 5,259 | 363,882 | 530,295 | 7,404 | 901,581 |
| Occupancy | 248,257 | 245,257 | 245,257 | 738,771 | 40,877 | 40,875 | 820,523 |
| Technology | 151,638 | 5,983 | 38,950 | 196,571 | 487,774 | 203,522 | 887,867 |
| Postage and shipping | 246,457 | 160 | 5,604 | 252,221 | 150,049 | 8,031 | 410,301 |
| List rental | - | - | 299 | 299 | 179,640 | - | 179,939 |
| Travel | 10,451 | 10,421 | 50,415 | 71,287 | 20,123 | 44,596 | 136,006 |
| Meetings and conferences | 1,394 | 1,221 | 22,050 | 24,665 | 60,540 | 9,710 | 94,915 |
| Depreciation and amortization | 53,219 | 49,477 | 49,477 | 152,173 | 8,247 | 49,575 | 209,995 |
| Licenses and fees | 663 | 2,820 | 2,677 | 6,160 | 32,814 | 322,740 | 361,714 |
| Insurance | 32,174 | 36,852 | 32,174 | 101,200 | 5,360 | 5,361 | 111,921 |
| Subscriptions and dues | 4,692 | 16,237 | 25,411 | 46,340 | 2,881 | 30,439 | 79,660 |
| Other | 18,953 | 15 | 9,152 | 28,120 | 47,708 | 71,095 | 146,923 |
| | <u>\$ 21,421,598</u> | <u>\$ 8,404,238</u> | <u>\$ 2,502,831</u> | <u>\$ 32,328,667</u> | <u>\$ 4,492,854</u> | <u>\$ 1,242,989</u> | <u>\$ 38,064,510</u> |

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|---|--------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 732,332 | \$ 2,384,108 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 234,067 | 209,995 |
| Amortization of right-of-use operating lease asset | 591,369 | - |
| Donation of website | - | (135,269) |
| Unrealized and realized (gain) loss on investments | (3,633) | 411 |
| Increase in allowance for doubtful accounts | - | 15,019 |
| (Decrease) increase in discount on promises to give | (35,916) | 44,209 |
| Deferred rent | - | (114,776) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Accounts receivable | 13,046 | (113,383) |
| Promises to give | 46,739 | (577,025) |
| Prepaid expenses | (110,037) | 27,863 |
| Increase (decrease) in: | | |
| Accounts payable | 1,277,133 | 428,662 |
| Accrued payroll and related liabilities | 28,757 | (114,763) |
| Deferred revenue | (43,540) | 104,040 |
| Refundable advances | (126,179) | (467,253) |
| Principal payments on operating lease liabilities | (729,166) | - |
| Net cash provided by operating activities | 1,874,972 | 1,691,838 |
| Cash flows from investing activities: | | |
| Purchase of investments | (3,579,076) | (639,715) |
| Proceeds from sales of investments | 1,300,000 | 367,604 |
| Purchase of property and equipment | (131,000) | (22,948) |
| Net cash used in investing activities | (2,410,076) | (295,059) |
| Net (decrease) increase in cash and cash equivalents | (535,104) | 1,396,779 |
| Cash and cash equivalents: | | |
| Beginning | 4,208,582 | 2,811,803 |
| Ending | \$ 3,673,478 | \$ 4,208,582 |
| Supplemental disclosures of cash flow information: | | |
| Donation of website | \$ - | \$ 135,269 |
| Property and equipment included in accounts payable | \$ 119,000 | \$ - |
| Cash paid for operating lease | \$ 942,847 | \$ - |

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Brady Campaign to Prevent Gun Violence and Affiliates is comprised of three entities: The Brady Campaign to Prevent Gun Violence (the Campaign), the Brady Center to Prevent Gun Violence (the Center) and the Brady Voter Education Fund (the Voter Education Fund) (collectively, Brady). Brady is a nonprofit organization incorporated on January 9, 1974, in Washington, D.C. The general purpose of Brady is to work for a reduction of gun violence in our society.

The general purpose of The Brady Campaign and Center to Prevent Gun Violence is to work on campaigns that are changing gun laws, changing the gun industry and changing culture across America to help save lives and end gun violence. The Brady Campaign to Prevent Gun Violence is a tax-exempt organization as defined in Sec. 501(c)(4) of the Internal Revenue Code (IRC). The Brady Center to Prevent Gun Violence is a tax-exempt organization as defined in Sec. 501(c)(3) of the IRC.

The Brady Voter Education Fund is a separate segregated fund as defined by the IRC in Sec. 527(f)(3) and is exempt from federal income tax except on its earnings from investments. There were no tax expenses incurred for the years ended June 30, 2023 and 2022. Subsequent to year-end, the Voter Education Fund was terminated.

Brady is affiliated with chapters located across the continental United States, which are formed when a group of local advocates desire to raise funds and conduct its mission in accordance with gun violence prevention programming. During the years ended June 30, 2023 and 2022, Brady has entered into formal affiliation agreements with 60 of the chapters. The financial activities of those chapters are consolidated with Brady. Assets of those chapters totaled approximately \$78,355 and \$91,000 for the years ended June 30, 2023 and 2022, respectively.

A summary of Brady's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts of the Campaign, the Center and the Voter Education. All material intercompany accounts and transactions have been eliminated.

Basis of presentation: Brady follows the accounting and reporting practices set forth in the Not-For-Profit Topic of the Accounting Standards Codification (ASC) which includes Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As such, Brady is required to report information regarding its financial position and activities within two classes of net assets, as follows:

Net assets without donor restrictions: Undesignated net assets represent funds that are available for the support of Brady's operations and not subject to donor restrictions. The Board may designate net assets without donor restrictions at its discretion. At June 30, 2023 and 2022, the Board has designated net assets of \$356,000, for management pre-approved projects and expenses.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents: Brady considers all highly liquid investments with maturities of three months or less to be cash and cash equivalents. Brady considers all cash and cash equivalents held in investment accounts to be investments.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Investments: Investments are reflected at fair value, which is based on quoted market rates. Unrealized and realized gains and losses are reported in the consolidated statements of activities as a component of investment income.

Financial risk: Brady maintains its cash in bank deposits which, at times, may exceed federally insured limits. Brady has not experienced any losses in such accounts. Brady believes it is not exposed to any significant financial risk on cash.

Brady's investments contains various securities that are exposed to various risks, such as market, interest and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Receivables: Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2023 and 2022, management recorded an allowance for doubtful accounts of \$31,250.

Promises to give: Unconditional promises to give are recognized as support in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management determines the allowance for doubtful promises to give by regularly evaluating individual promises to give and considering prior history of donors and proven collectability of past donations. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received.

Property and equipment: Brady capitalizes all property and equipment purchased with a cost of \$3,000 or more. Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on the straight-line basis over the term of the related lease, as it is shorter than the useful lives of the improvements.

Valuation of long-lived assets: Brady requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. Brady had no impairments of long-lived assets during the years ended June 30, 2023 and 2022.

Refundable advances: Represents cash received from contributors or grantors for which some or all of the agreement conditions were not yet met. Conditions primarily include completion of project tasks and related expenditures, as well as the right of return of funds transferred if all terms are not met.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Leases: In February 2016, the Financial Accounting Standards Board (FASB) issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. Brady adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, Brady has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with Brady's historical accounting treatment under ASC Topic 840, Leases.

Brady elected the package of practical expedients under the transition guidance within Topic 842, in which Brady is not required to assess: (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases or (3) the initial direct costs for any existing leases. Brady has not elected to adopt the hindsight practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

Brady determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) Brady obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. Brady also considers whether its service arrangements include the right to control the use of an asset.

Brady made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, Brady made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Brady has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to Brady, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to Brady's operating leases of \$5,782,898 and \$7,717,403, respectively, at July 1, 2022. The adoption of the new lease standard did not materially impact consolidated change in net assets or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Support and revenue: All unconditional donor contributions are reported as an increase in net assets with or without donor restrictions, depending on the existence and/or nature of the donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor time and/or purpose restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same year are shown as additions and releases to net assets with donor restrictions.

Conditional contributions and grants are generally recognized as qualified costs are incurred or when scheduled deliverables are met. Amounts received in excess of costs incurred are recorded as refundable advances until earned. Reimbursable grant costs incurred in excess of funds received are recorded as receivables. When the conditions have been met, the revenue is recorded as donor restricted net assets with a respective release.

Brady's revenue streams from contracts with customers are comprised of event revenue. All of Brady's revenue under contracts with customers is earned in the United States, and the customers consist of parties interested and active in Brady's mission. Brady's revenue is recognized when a given performance obligation is satisfied at a point in time when the event occurs. The receivable due from contracts with third parties totals \$95,820, \$113,591 and \$0 as of June 30, 2023, 2022 and 2021, respectively. Deferred revenue amounts from contracts with customers as of June 30, 2023, 2022 and 2021, total \$60,500, \$104,040 and \$0, respectively.

Brady's revenue from contracts with customers are generally for one year or less. The contracts do not include significant financing components and do not have variable considerations. Payments are due based on agreed-upon payment terms, and refunds are not provided. Brady did not have any impairment or credit losses on any receivables or contract fees receivables arising from contracts with customers. The primary factor affecting future revenue and cash flows is periods of economic downturn resulting from consumer confidence, employment, inflation and other world events. Management does not believe there is a material risk of loss for future revenue and cash flows.

Donated goods and services: Brady receives contributions of services from businesses and other organizations toward the fulfillment of program objectives and general operations. Those services, which are objectively measurable, have been included in both revenue and the related functional expense categories, and are recorded as contributions at the fair value at the date of donation.

Functional allocation of expenses: The costs of providing the various programs and other activities of Brady have been summarized in the accompanying consolidated statements of functional expenses. Direct expenses are coded to the function to which they relate. Certain costs have been allocated among the programs and supporting services benefited. Salary and benefit expenses are allocated based on level of efforts. Occupancy, depreciation and insurance expenses are allocated based on total direct costs for each function. Printing, postage and other mailing expenses are allocated based on a joint cost analysis.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Advertising: Costs are expensed as incurred. Total advertising expenses for the years ended June 30, 2023 and 2022, were \$3,301,624 and \$2,452,449, respectively.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes: Brady is organized as District of Columbia nonprofit corporations and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRS Section 501(a) as organizations described in IRS Sections 501(c)(4), 501(c)(3) and 527(f)(3), and have been determined not to be private foundations under IRS Sections 509(a)(1) and (3). 501(c)(3) organizations qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii). Brady is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Brady is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. There were no income taxes during the years ended June 30, 2023 and 2022, and therefore Brady has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Upcoming accounting pronouncements: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct writedown. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Brady is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and does not expect the impact to be significant.

Subsequent events: Brady has evaluated subsequent events through March 27, 2024, the date on which the consolidated financial statements were available to be issued.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 2. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date at June 30, 2023 and 2022, comprise the following:

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 3,673,478 | \$ 4,208,582 |
| Investments | 4,477,878 | 2,195,169 |
| Accounts receivable, net | 180,236 | 193,282 |
| Promises to give, net | 2,005,066 | 2,015,889 |
| Total financial assets available | 10,336,658 | 8,612,922 |
| Promises to give scheduled to be collected in more than one year | (161,854) | (572,533) |
| Amounts designated by the Board | (356,000) | (356,000) |
| Donor-imposed restrictions for specific purposes | (1,170,869) | (835,035) |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 8,647,935</u> | <u>\$ 6,849,354</u> |

The board-designated reserve is not subject to an annual spending rate. Although Brady does not intend to spend from this board-designated reserve (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available through board approval if necessary. As part of liquidity management, Brady invests cash in excess of daily requirements in short-term investments. Brady receives the majority of its cash contributions and event revenue during November and December, which results in additional liquidity management challenges for the remainder of the fiscal year. Brady assesses its operating budget and cash flow projections monthly to monitor the availability of resources to support operations.

Note 3. Promises to Give

Promises to give at their net present value, based on a discount rate of 8.46% and 7.80%, respectively, consist of the following at June 30, 2023 and 2022:

| | 2023 | 2022 |
|--------------------------------------|---------------------|---------------------|
| Due in less than one year | \$ 1,809,879 | \$ 1,343,356 |
| Due in one to five years | 245,738 | 759,000 |
| | 2,055,617 | 2,102,356 |
| Less allowance for doubtful accounts | 31,250 | 31,250 |
| Less present value discount | 19,301 | 55,217 |
| | <u>\$ 2,005,066</u> | <u>\$ 2,015,889</u> |

During the year ended June 30, 2023, Board members contributed \$630,000, of which \$419,142 was outstanding at June 30, 2023. During the year ended June 30, 2022, Board members contributed \$7,500, all of which was outstanding at June 30, 2022. During the year ended June 30, 2023, Brady collected \$300,000 of the balance that was outstanding at June 30, 2022. The total outstanding as of June 30, 2023 and 2022, was \$431,502 and \$312,360, respectively.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 4. Investments and Fair Value Measurements

Investments at June 30, 2023 and 2022, consist of the following:

| | 2023 | 2022 |
|---------------------------|---------------------|---------------------|
| Money market funds | \$ 1,281,127 | \$ 1,653,372 |
| US Treasuries | 1,389,836 | - |
| Certificate of deposits | 532,736 | 208,678 |
| Cash and cash equivalents | 1,274,179 | 333,119 |
| | <u>\$ 4,477,878</u> | <u>\$ 2,195,169</u> |

Investment income for the years ended June 30, 2023 and 2022, consists of the following:

| | 2023 | 2022 |
|--|------------------|---------------|
| Interest and dividends | \$ 18,402 | \$ 745 |
| Unrealized and realized gain (loss) on investments | 3,633 | (411) |
| | <u>\$ 22,035</u> | <u>\$ 334</u> |

The ASC Topic on Fair Value Measurement establishes a framework for measuring fair value in GAAP and expands disclosure about fair value measurements. This enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking quality and reliability of the information used to determine fair value.

The provision applies to all assets and liabilities that are being measured and reported on a fair value basis and are disclosed in one of the following three categories:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, Brady performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no liabilities subject to fair value measurement at June 30, 2023 and 2022.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 4. Investments and Fair Value Measurements (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy at June 30, 2023:

| | Total | Level 1 | Level 2 | Level 3 |
|------------------------------------|---------------------|------------------|--------------|---------|
| Money market funds: | | | | |
| Bonds: | | | | |
| Government | \$ 625,646 | \$ 625,646 | \$ - | \$ - |
| Corporate | 655,481 | 655,481 | - | - |
| | <u>1,281,127</u> | <u>1,281,127</u> | - | - |
| US Treasuries | 1,389,836 | - | 1,389,836 | - |
| | 2,670,963 | \$ 1,281,127 | \$ 1,389,836 | \$ - |
| Other investments measured at cost | <u>1,806,915</u> | | | |
| | <u>\$ 4,477,878</u> | | | |

The fair value of money market funds is determined based on quoted market prices when available or market prices provided by recognized broker dealers; thus, they are categorized as Level 1. The US Treasuries are priced based on their stated interest rates and quality ratings, which are observable at commonly quoted intervals for the full term of the instruments, and are considered Level 2.

There were no assets subject to fair value measurement at June 30, 2022. The fair value approximates cost.

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at June 30, 2023 and 2022, and depreciation and amortization expense for the years ended June 30, 2023 and 2022, are as follows:

| Asset Category | Estimated Useful Lives (in Years) | 2023 | | | |
|------------------------|-----------------------------------|---------------------|--------------------------|---------------------|-------------------------------|
| | | Cost | Accumulated Depreciation | Net | Depreciation and Amortization |
| Furniture and fixtures | 5-7 | \$ 547,503 | \$ 489,099 | \$ 58,404 | \$ 20,423 |
| Leasehold improvements | 12 | 1,311,168 | 810,650 | 500,518 | 129,754 |
| Website | 3 | 1,241,474 | 720,972 | 520,502 | 83,890 |
| | | <u>\$ 3,100,145</u> | <u>\$ 2,020,721</u> | <u>\$ 1,079,424</u> | <u>\$ 234,067</u> |
| Asset Category | Estimated Useful Lives (in Years) | 2022 | | | |
| | | Cost | Accumulated Depreciation | Net | Depreciation and Amortization |
| Furniture and fixtures | 5-7 | \$ 547,503 | \$ 468,676 | \$ 78,827 | \$ 17,833 |
| Leasehold improvements | 12 | 1,311,168 | 680,896 | 630,272 | 129,754 |
| Website | 3 | 991,474 | 637,082 | 354,392 | 62,408 |
| | | <u>\$ 2,850,145</u> | <u>\$ 1,786,654</u> | <u>\$ 1,063,491</u> | <u>\$ 209,995</u> |

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 6. Refundable Advances

During the year ended June 30, 2022, there was one grant with conditional amounts totaling \$1,804,000, of which \$312,000 was received in cash and \$162,277 was included in refundable advances at June 30, 2022. There were no new conditional amounts granted for the year ended June 30, 2023, but \$215,000 was received in cash and \$36,098 was included in refundable advances at June 30, 2023 related to the prior year grant.

Note 7. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2023, are as follows:

| | Balance | | | | Balance |
|--------------------------------------|---------------------|---------------------|-------------|-----------------------|---------------------|
| | June 30, 2022 | Additions | Transferred | Released | June 30, 2023 |
| Purpose restricted: | | | | | |
| California Fund | \$ 5,878 | \$ - | \$ - | \$ (50) | \$ 5,828 |
| California Wellness | 210,346 | - | - | (210,346) | - |
| Combatting Gun Crime in Chicago | 279,787 | 235,250 | 200,000 | (330,627) | 384,410 |
| Combatting Gun Crime in Wisconsin | - | 40,000 | - | (40,000) | - |
| Combatting Gun Crime in Pennsylvania | - | - | 35,000 | (27,099) | 7,901 |
| End Family Fire | - | 540,000 | - | - | 540,000 |
| Government Transparency | 43,079 | - | - | (43,079) | - |
| Impact Fund | 47,657 | - | - | (4,058) | 43,599 |
| Public Interest Fellowship Program | 13,000 | - | (6,500) | - | 6,500 |
| Change Happens | - | 25,000 | - | (25,000) | - |
| Team Enough | - | 6,800 | 33,333 | (26,128) | 14,005 |
| | 599,747 | 847,050 | 261,833 | (706,387) | 1,002,243 |
| Time restricted | 2,015,889 | 1,272,419 | (261,833) | (1,407,358) | 1,619,117 |
| Perpetual and related earnings | 135,288 | 5 | - | - | 135,293 |
| | <u>\$ 2,750,924</u> | <u>\$ 2,119,474</u> | <u>\$ -</u> | <u>\$ (2,113,745)</u> | <u>\$ 2,756,653</u> |

Changes in net assets with donor restrictions for the year ended June 30, 2022, are as follows:

| | Balance | | | | Balance |
|------------------------------------|---------------------|---------------------|-------------|-----------------------|---------------------|
| | June 30, 2021 | Additions | Transferred | Released | June 30, 2022 |
| Purpose restricted: | | | | | |
| California Fund | \$ 5,928 | \$ - | \$ - | \$ (50) | \$ 5,878 |
| California Wellness | - | 130,000 | 350,000 | (269,654) | 210,346 |
| Combatting Gun Crime in Chicago | 25,094 | 375,000 | 25,000 | (145,307) | 279,787 |
| End Family Fire | - | 149,723 | 50,000 | (199,723) | - |
| Great Lakes Legal Action | 95,242 | - | - | (95,242) | - |
| Government Transparency | - | 75,000 | - | (31,921) | 43,079 |
| Impact Fund | 49,820 | - | - | (2,163) | 47,657 |
| Public Interest Fellowship Program | - | 19,500 | - | (6,500) | 13,000 |
| Milwaukee Crime Guns | 25,000 | - | - | (25,000) | - |
| Pilot Education Collective | 17,864 | - | - | (17,864) | - |
| Team Enough | - | 100,000 | - | (100,000) | - |
| | 218,948 | 849,223 | 425,000 | (893,424) | 599,747 |
| Time restricted | 1,498,092 | 1,616,025 | (425,000) | (673,228) | 2,015,889 |
| Perpetual and related earnings | 130,974 | 4,314 | - | - | 135,288 |
| | <u>\$ 1,848,014</u> | <u>\$ 2,469,562</u> | <u>\$ -</u> | <u>\$ (1,566,652)</u> | <u>\$ 2,750,924</u> |

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 7. Net Assets With Donor Restrictions (Continued)

Transfers represent cash receipts from outstanding receivable balances. During the years ended June 30, 2023 and 2022, the time restricted balance includes \$313,167 and \$100,000, respectively, that is also restricted for purpose.

Note 8. Endowments

The endowment consists of two separate contributions. The Caswell J. Caplan Charitable Income Trust donated \$30,000 during 1990 and 1991. Related income shall be used for the purpose of reducing handgun violence. The Matthew Blek Endowment Fund was established during 2006. Monies contributed to this fund are perpetual in nature. Related income from this fund is to be used for grassroots activists to attend Brady Center training and presentations.

The donor-restricted endowment funds are invested in certificates of deposit and fixed income funds pursuant to Brady's investment and spending objectives of subjecting the fund to low investment risk and providing its programs and operations with current income.

Brady has interpreted the D.C.-enacted version of the UPMIFA as requiring Brady to consider preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds when adopting an asset allocation and investment program. Brady initially classifies as net assets with donor restrictions that are permanent in nature: (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Accumulations to the donor-restricted endowment fund are classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by Brady in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Brady considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Brady and the donor-restricted endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation

Brady has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets. Management is working to establish a formalized spending policy. All earnings for the endowment are reflected as net assets that are purpose restricted until appropriated for expenditure by Brady.

An underwater endowment occurs when the fair value of the fund at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or UPMIFA. In the event that this were to occur, Brady would forgo its spending policy until the fair value exceeded the requirements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 8. Endowments (Continued)

The changes in the endowment net assets for the years ended June 30, 2023 and 2022, are as follows:

| | 2023 | | |
|---|------------------------|------------------------|-------------------|
| | Purpose Restriction | Perpetual in Nature | Total |
| Endowment net assets, beginning of year | \$ - | \$ 135,288 | \$ 135,288 |
| Contributions | - | 5 | 5 |
| Investment income | - | - | - |
| Amounts appropriated for expenditure | - | - | - |
| Endowment net assets, end of year | <u>\$ -</u> | <u>\$ 135,293</u> | <u>\$ 135,293</u> |

| | 2022 | | |
|---|------------------------|------------------------|-------------------|
| | Purpose Restriction | Perpetual in Nature | Total |
| Endowment net assets, beginning of year | \$ - | \$ 130,974 | \$ 130,974 |
| Contributions | - | 4,314 | 4,314 |
| Investment income | - | - | - |
| Amounts appropriated for expenditure | - | - | - |
| Endowment net assets, end of year | <u>\$ -</u> | <u>\$ 135,288</u> | <u>\$ 135,288</u> |

Note 9. Leases

Brady has a lease agreement for headquarters office space in Washington, D.C. The 12-year lease commenced on January 1, 2014, and includes a provision for annual rent increases and adjustments for a share in operating costs.

As part of the lease agreement, the landlord provided a 12-month rent abatement for year one of the lease. In addition to the rent abatement, the landlord also agreed to a build out allowance totaling \$1,062,240 provided that at least 75% of the build-out allowance is used towards hard costs of constructing physical improvements to the space. A letter of credit in the amount of \$102,711 was also established pursuant to the lease. There was no balance outstanding on the letter of credit at June 30, 2023 and 2022.

Commencing on September 14, 2019, the lease agreement for the headquarters office space was modified to extend the original lease term through November 30, 2030, and include 3,196 square feet of expansion space which commenced April 1, 2020, and requires monthly rent of \$13,583, subject to annual escalation. There are also provisions for a total of 13-month rent abatement for the original and expansion space, as well as a build out allowance totaling \$587,005 for hard and soft costs. During the year ended June 30, 2021, Brady elected not to use all of the build out allowance, and \$111,587 was applied as additional rent abatement, and \$25,000 expired.

On July 1, 2022, Brady adopted ASU 2016-02, *Leases (Topic 842)*, resulting in a right-to-use asset and lease liability recorded on the consolidated balance sheet as of June 30, 2023, for several office spaces, its copier and postage meter. Under the provisions of ASU 2016-02, Brady determined the leases to be operating leases. Operating lease cost is recognized on a straight-line basis over the lease term. Brady calculated the present value of each lease over the term of the respective lease, using the risk-free rate on the adoption date of ASC 842 or the inception date based on the remaining lease term.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 9. Leases (Continued)

As of June 30, 2023, the weighted-average discount rate was 2.91% and the weighted-average remaining lease term was 7.4 years.

Future undiscounted cash flows for the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the consolidated balance sheet are as follows, as of June 30, 2023:

| | |
|---|---------------------|
| Years ending June 30: | |
| 2024 | \$ 966,439 |
| 2025 | 990,601 |
| 2026 | 1,015,378 |
| 2027 | 1,040,762 |
| 2028 | 1,066,781 |
| Thereafter | 2,687,534 |
| Total minimum payments required | <u>7,767,495</u> |
| Less amounts representing interest | <u>(779,259)</u> |
| Present value of the minimum lease payments | <u>\$ 6,988,236</u> |

Future minimum lease commitments, as determined under Topic 840, for all non-cancelable leases as of June 30, 2022, are as follows:

| | |
|-----------------------|---------------------|
| Years ending June 30: | |
| 2023 | \$ 942,847 |
| 2024 | 966,439 |
| 2025 | 990,601 |
| 2026 | 1,015,378 |
| 2027 | 1,040,762 |
| Thereafter | 3,754,316 |
| | <u>\$ 8,710,343</u> |

The right-to-use lease assets consisted of the following at June 30, 2023:

| | |
|--|---------------------|
| Operating lease cost (including amortization of right-of-use assets of \$591,369 in 2023 and interest on lease liabilities of \$213,681 in 2023) | \$ 5,191,528 |
| Total right-of-use operating lease asset | <u>\$ 5,191,528</u> |

Rent expense for the years ended June 30, 2023 and 2022, was \$817,529 and \$820,523, respectively.

Note 10. Contributions of Nonfinancial Assets

Brady receives contributions of services from businesses and other organizations toward the fulfillment of program objectives and general operations. A large portion of these services relate to advertising and media services to promote Brady's mission as well as pro bono legal services for the various mission based legal activity in which Brady is involved. The services are provided by firms and individuals that have significant technical experience in the advertising, consulting and legal industries. These services are valued at the fair value on the date of donation based on the normal billing rates of the donating organizations. Event supplies are valued based on the amount it would have cost Brady to obtain the goods had they not been donated. The goods and services are not monetized and used in the normal course of business when provided.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 10. Contributions of Nonfinancial Assets (Continued)

Brady recognized total donated services revenue of \$43,151,524 and \$23,077,700 with a corresponding expense or asset recorded during the years ended June 30, 2023 and 2022, respectively. The amount received can be broken down into the following categories:

| | 2023 | 2022 |
|-----------------------|----------------------|----------------------|
| Advertising and media | \$ 35,391,698 | \$ 16,220,167 |
| Legal services | 7,692,251 | 6,710,323 |
| Technology | 40,000 | 135,269 |
| Event supplies | 27,575 | 11,941 |
| | <u>\$ 43,151,524</u> | <u>\$ 23,077,700</u> |

Note 11. Allocation of Joint Costs

During the years ended June 30, 2023 and 2022, Brady incurred joint costs of \$2,432,652 and \$2,462,309, respectively, for informational materials and activities that included fund raising appeals. These costs were allocated as follows:

| | 2023 | 2022 |
|------------------|---------------------|---------------------|
| Public education | \$ 1,439,659 | \$ 1,378,062 |
| Fundraising | 992,993 | 1,084,247 |
| | <u>\$ 2,432,652</u> | <u>\$ 2,462,309</u> |

Note 12. Retirement Plan

Brady has a 403(b) pension plan (the Pension Plan) option for all eligible employees who have attained the age of 21 years. Employees can make voluntary contributions not to exceed the maximum allowable by the IRS regulations. Brady has the option to match the employee's contribution and may also make an additional discretionary employer contribution. There were employer contributions totaling \$165,000 and \$110,000 during the years ended June 30, 2023 and 2022, respectively.

Note 13. Commitment

Brady entered into an employment agreement with the current President effective December 2019 which renews annually unless terminated by either party. The employment agreement includes severance for four months after the date of termination if the termination is without cause.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Directors
The Brady Campaign to Prevent Gun Violence

We have audited the consolidated financial statements of The Brady Campaign to Prevent Gun Violence and Affiliates as of June 30, 2023 and 2022, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Washington, D.C.
March 27, 2024

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidating Balance Sheet June 30, 2023

| | The Brady Campaign to Prevent Gun Violence | The Brady Center to Prevent Gun Violence | The Brady Voter Education Fund | Eliminating Entries | Total |
|--|---|---|---|------------------------|----------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 1,552,111 | \$ 2,115,460 | \$ 5,907 | \$ - | \$ 3,673,478 |
| Investments | 165,275 | 4,312,603 | - | - | 4,477,878 |
| Accounts receivable, net | 69,927 | 109,487 | 822 | - | 180,236 |
| Promises to give, net | 66,667 | 1,938,399 | - | - | 2,005,066 |
| Prepaid expenses | 58,961 | 77,494 | - | - | 136,455 |
| Due from related party | 3,250 | 2,988,146 | - | (2,991,396) | - |
| Right-of-use operating lease assets, net | 5,191,528 | - | - | - | 5,191,528 |
| Property and equipment, net | 1,011,422 | 68,002 | - | - | 1,079,424 |
| Total assets | \$ 8,119,141 | \$ 11,609,591 | \$ 6,729 | \$ (2,991,396) | \$ 16,744,065 |
| Liabilities and Net Assets | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 416,039 | \$ 1,950,293 | \$ - | \$ - | \$ 2,366,332 |
| Accrued payroll and related liabilities | 231,411 | 260,653 | - | - | 492,064 |
| Due to related party | 2,988,146 | - | 3,250 | (2,991,396) | - |
| Refundable advances | - | 36,098 | - | - | 36,098 |
| Deferred revenue | - | 60,500 | - | - | 60,500 |
| Operating lease liabilities, net | 6,988,236 | - | - | - | 6,988,236 |
| Total liabilities | 10,623,832 | 2,307,544 | 3,250 | (2,991,396) | 9,943,230 |
| Net (deficit) assets: | | | | | |
| Without donor restrictions: | | | | | |
| Undesignated | (2,591,191) | 6,275,894 | 3,479 | - | 3,688,182 |
| Designated by the Board | - | 356,000 | - | - | 356,000 |
| | (2,591,191) | 6,631,894 | 3,479 | - | 4,044,182 |
| With donor restrictions: | | | | | |
| Time and purpose restrictions | 86,500 | 2,534,860 | - | - | 2,621,360 |
| Perpetual in nature | - | 135,293 | - | - | 135,293 |
| | 86,500 | 2,670,153 | - | - | 2,756,653 |
| Total net (deficit) assets | (2,504,691) | 9,302,047 | 3,479 | - | 6,800,835 |
| Total liabilities and net assets | \$ 8,119,141 | \$ 11,609,591 | \$ 6,729 | \$ (2,991,396) | \$ 16,744,065 |

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidating Statement of Activities Year Ended June 30, 2023

| | The Brady Campaign to Prevent Gun Violence | The Brady Center to Prevent Gun Violence | The Brady Voter Education Fund | Eliminating Entries | Consolidated Total |
|--------------------------------------|---|---|---|------------------------|-----------------------|
| Support and revenue: | | | | | |
| Contributions | \$ 4,775,110 | \$ 12,809,748 | \$ - | \$ - | \$ 17,584,858 |
| Contributions of nonfinancial assets | 73,256 | 43,078,268 | - | - | 43,151,524 |
| Events | - | 1,817,926 | - | - | 1,817,926 |
| Investment income | 1,660 | 20,375 | - | - | 22,035 |
| Other | 32,843 | 220,852 | - | (207,493) | 46,202 |
| Total support and revenue | 4,882,869 | 57,947,169 | - | (207,493) | 62,622,545 |
| Expenses: | | | | | |
| Program services: | | | | | |
| Public education | 1,967,604 | 42,650,603 | - | - | 44,618,207 |
| Legal action | 129,607 | 9,409,954 | - | - | 9,539,561 |
| Policy and grassroots organizing | 697,676 | 1,424,797 | - | - | 2,122,473 |
| Total program services | 2,794,887 | 53,485,354 | - | - | 56,280,241 |
| Supporting services: | | | | | |
| Fundraising | 1,610,161 | 2,435,572 | - | - | 4,045,733 |
| Management and general | 746,224 | 1,025,463 | 45 | (207,493) | 1,564,239 |
| Total supporting services | 2,356,385 | 3,461,035 | 45 | (207,493) | 5,609,972 |
| Total expenses | 5,151,272 | 56,946,389 | 45 | (207,493) | 61,890,213 |
| Change in net assets | (268,403) | 1,000,780 | (45) | - | 732,332 |
| Net assets (deficit): | | | | | |
| Beginning | (2,236,288) | 8,301,267 | 3,524 | - | 6,068,503 |
| Ending | \$ (2,504,691) | \$ 9,302,047 | \$ 3,479 | \$ - | \$ 6,800,835 |